



Managing Member Equity

Karla Johnson, UCIP Board Member

2013 Net Asset Position and Action

Total Net Assets at 12/31/13 -	\$5,947,375
2013 Contributions -	<u>\$5,107,254</u>
Net Assets exceeding 1/1 ratio -	\$840,000

- The Board first set aside Net Assets to stabilize member rates.



Reserve Deterioration Fund

- Dedicated Reserves to protect against years when Actuarial reserve estimates were inadequate.
- 2012 Actuarial estimate of Expected Reserves was \$7,630,000. Estimate of High Reserve need was \$8,880,000.
- Board approved \$200,000 to Reserve Deterioration Fund.



Rate Stabilization Fund

- Dedicated Surplus to protect against temporary expenses that could cause rate fluctuations.
- This fund could have been used when reinsurance rates increased due to increased earthquake exposure.
- Board approved \$200,000 to Rate Stabilization Fund.



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- The Board first set aside Net Assets to stabilize member rates.
- The Board then approved a multi-faceted plan utilizing Net Assets to pay for expanded coverage and increased expenses without increasing rates, combined with member dividends.



Net Asset Management Plan 2013

Fund Reserve Deterioration Fund -	\$200,000
Fund Rate Stabilization Fund -	<u>\$200,000</u>
Total Net Assets Set Aside - \$400,000	

Pay for 2014 Excess Liability Limits -	\$250,000
Pay for 2014 Cyber Liability Coverage -	\$13,500
Pay for Increased Appraisal Cost -	\$80,000
Dividends Paid to Members -	<u>\$91,500</u>
Total Net Assets Returned to Members -\$435,000	
Total Net Asset Reduction - \$835,000	

